



## Research & Development Tax Credits – millions of reasons to claim

EQ's specialist R&D tax credits team has been very active in the past few months, commencing and concluding projects for more than 10 new clients. You may have noticed recent press activity detailing our clients passing over £10m in R&D tax repayments – the figure has risen to over £11.4m since that article was published.

EQ has built an enviable amount of experience in recent years and companies intending to claim R&D tax credits should note:

- Only limited companies are eligible to claim
- You must make, or seek to make an advancement in technology
- Claims typically require 3 to 5 hours of a client's time, EQ do the rest
- Fees are agreed in advance to give clients certainty
- Repayments are normally issued by HMRC within 4 weeks of the claim being submitted
- A claim must be submitted within 2 years of the financial year end to which the claim relates

Remember, R&D tax credits is not tax planning, it's a claim to which eligible companies are entitled. Please contact **David Morrison** on **01382 312100** if you want to find out more.



# Tax Efficient Investments – VCTs/EISs

When trying to reduce an income tax bill, making pension contributions is often the first option to consider. However, many individuals may have already maximised their annual pension allowance or can no longer make contributions, having locked in a higher Lifetime Allowance. There are other options to consider which include investing in Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs.)

These are investments into small, fast growing companies in the UK that could otherwise face difficulties in raising capital. The government encourages investment into these companies by offering attractive tax relief of 30%. For example, a potential investment of £100,000 could reduce a tax bill by £30,000 which is extremely attractive.

A VCT offers greater diversification as it is a collection of around 10 to 50 companies, whereas an EIS is an investment into one company. There are also other differences which are summarised below:

VCT		EIS
30%	Income Tax Relief	30%
5 years	Minimum Term	3 years
£200,000	Maximum Investment	£1,000,000
Tax-Free	Dividends	Taxable
Tax-Free	Growth	Tax-Free
No	IHT Exemption	Yes

VCTs and EISs have many attractions and offer attractive tax reliefs that can be used to reduce your income tax bill. However, the risks of such investments should not be overlooked and these should be considered as longer term investments with the capital needing to be invested for between three and five years. You should consult a qualified adviser before making these investments to make sure that they are appropriate for your circumstances.

This article has been provided by Euan Atkinson, director of Balmoral Asset Management Limited. Please call your normal EQ contact if you would like to be introduced to Balmoral to find out more.

## Hot Property

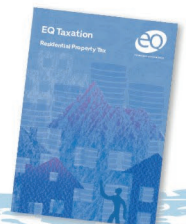
It has been a busy time for our property tax team in recent months. Recent changes to the tax rules concerning residential property are well documented, but our property tax team has identified these and summarised them into a booklet which we are happy to provide free of charge to any landlords.

Our team has delivered training updates to a number of professionals, attended the Council of Letting Agents Conference and has signed up to attend the National Landlord Day on 14 November in Edinburgh. Our team has supplied active support to a number of property management businesses and we continue to advise a series of clients on how to reassess their property portfolios. Some have taken the view of selling up as they find the new rules too onerous, whereas others are seeking to build their portfolios to capitalise on an, at times, sluggish market.

Lenders are beginning to offer a wider and better priced variety of buy to let mortgage

products and we expect this trend to continue as banks and other lenders hunt again for market share. These new products are also increasingly available to corporate investors as well as individuals.

If you are a landlord, a property manager or involved in residential property, our team of property tax experts would love to hear from you.





# Going International

As modern communication links provide easier ways of trading overseas, we have noticed a huge spike in the number of businesses expanding their international connections. Whether those connections are exporting into new international markets, overseas production facilities or executives, tax implications should be considered from the beginning.

International tax aspects relating to both individuals and businesses are highly complex in places and it is important to have a supporting team who are well versed in these issues.

EQ has a bespoke international tax team who collectively have decades of experience in advising clients. Most recently, our tax team secured an appointment to deliver the UK tax services for an international group. Our knowledge in overseas matters was critical in securing this appointment from a "Big 4" provider.

The world is a small place and our team of experts, together with our involvement with the Kreston International network of

accountants, allows EQ to provide full support no matter where in the world you are operating.

Please contact us should you have any issues for which you require our support.



# Making Tax Digital – Update

Following the removal of Making Tax Digital from the Finance Bill earlier in the year, the Treasury has issued guidance to its revised plans.

Under the original plans, businesses and landlords with turnover in excess of £10,000 would have been required to submit mandatory quarterly reports, with those who are VAT registered commencing from April 2018, and those below this from April 2019.

The new guidelines published by the Treasury state that under the new timetable:

- **Only businesses with a turnover above the VAT threshold (currently £85,000) will have to keep digital records and only for VAT purposes**
- **They will only need to do so from 2019**
- **Businesses will not be asked to keep digital records or to update HMRC quarterly for other taxes until at least 2020**

Making Tax Digital will be available on a voluntary basis for the smallest businesses, and for other taxes. This means that businesses and landlords with a turnover below the VAT threshold will be able to choose when to move to the new digital system.

It is therefore important to plan for any new systems and processes to be in place long before this deadline to ensure that businesses are fully compliant.

EQ will continue to offer our clients proactive advice to ensure that all requirements of MTD legislation will be satisfied by our clients.

Should you have any queries with regard to this or any aspect of your accounting records, then please contact us.



Meet the team

## John Langlands



### 1 How long have you worked with EQ?

I have been a partner since EQ's formation in 2004, having previously been with JLM for 27 years. My "tax career" came about with the introduction of Self Assessment in 1996 and tax now forms a significant part of my daily work.

### 2 What taxes do you specialise in?

I would say personal taxation in all its guises is my area of expertise. The taxes may be capital or income in nature but they affect many types of taxpayer including employers and employees, company directors and business owners and any individuals with tax issues to manage. I also advise on international tax matters, residence and non-residence issues and am involved in EQ's international tax group. On the business side, I specialise in employment taxes and VAT and am a member of the Kreston VAT Group.

### 3 What experience have you gained whilst working at EQ?

I have gained a wealth of experience working with a diverse portfolio of clients in many business sectors, together with a large number of private clients, which means that there are few situations that I have not encountered. I am often the sounding board for colleagues throughout the firm who obviously think that age brings knowledge and experience in all tax matters! I do work on the principle that if I don't know the answer, I will find it, and being of assistance to clients and colleagues alike is the most rewarding part of my role.

### 4 What is the best tax advice you have provided?

Tax is only ever a component in a larger picture and the best tax advice is that which helps a client understand the tax position without it being the dominant factor in their decision making.

### 5 What do you think are the main components of good tax advice?

There is no substitute for knowing your clients and having a desired result in mind. From this position, you use all knowledge and experience available to produce relevant, technically sound tax advice, often covering different scenarios, to allow your clients to fully appreciate the options open to them.

## Have you paid your tax?

31 July 2017 was the deadline for payment of second payments on account (POA) in respect of 2016/17 tax liabilities for individuals. If you have not already made your payment, this should be done as soon as possible as HMRC will charge interest until the liability is paid.

Your 2016/17 POAs are based on your 2015/16 tax liability, so if you expect that your 2016/17 tax liability will be lower than 2015/16 (e.g. due to lower trading income, more tax deducted at source, or higher pension contributions), the sooner your 2016/17 tax return is filed with HMRC the sooner you will receive any repayment due.



## Working with you.

We are always happy to offer free, no obligation, initial consultations, and often act on a consultancy basis only.

For more information on any of the services outlined in this bulletin, or to discuss a particular issue with one of our advisers, please contact our Taxation specialists.

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Contact us at [taxation@eqaccountants.co.uk](mailto:taxation@eqaccountants.co.uk) or 01382 312100 for specific advice on how the issues discussed could affect you.